



NEWS RELEASE



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Summary Estimates for Multinational Companies: Employment, Sales, and Capital Expenditures for 2004

U.S. multinational companies (MNCs) employed 29.6 million workers worldwide in 2004, of which 21.3 million were employed in the United States by U.S. parent companies and 8.3 million were employed abroad by majority-owned foreign affiliates. The employment in the United States by U.S. parents accounted for about one-fifth of total U.S. employment in private industries. Worldwide capital expenditures by U.S. MNCs totaled \$438.2 billion; capital expenditures in the United States by U.S. parents accounted for \$310.9 billion and capital expenditures abroad by majority-owned foreign affiliates accounted for \$127.3 billion. Sales by U.S. parent companies totaled \$6,866.1 billion, and those by majority-owned foreign affiliates totaled \$3,282.5 billion.

Majority-owned U.S. affiliates of foreign MNCs employed 5.1 million workers in 2004, accounting for 4.5 percent of total U.S. employment in private industries. Capital expenditures by these affiliates totaled \$107.7 billion and their sales totaled \$2,301.5 billion.

Worldwide employment by U.S. MNCs edged up 0.1 percent in 2004, following a 2.7-percent decrease in 2003. The increase in 2004 was more than accounted for by a turnaround in employment abroad by the majority-owned foreign affiliates of U.S. MNCs: Their employment increased 1.2 percent, following a 0.7-percent decrease in 2003. Employment in the United States by U.S. parent companies decreased 0.3 percent, following a 3.5-percent decrease. Employment by majority-owned U.S. affiliates of foreign MNCs decreased 2.9 percent in 2004, following a 3.7-percent decrease in 2003.

Worldwide capital expenditures of U.S. MNCs increased 1.1 percent in 2004, following a decrease of 2.2 percent in 2003. The increase reflected a 13.3-percent increase in capital spending abroad by majority-owned foreign affiliates, following a 1.9-percent increase; capital spending in the United States by U.S. parent companies decreased 3.2 percent, following a decrease of 3.6 percent. For majority-owned U.S. affiliates of foreign MNCs, capital expenditures decreased 1.9 percent in 2004, following a 1.5-percent decrease in 2003.

For both U.S. MNCs and majority-owned U.S. affiliates of foreign MNCs, sales grew more strongly in 2004. Sales by U.S. parent companies increased 5.8 percent, following a 2.4-percent increase in 2003, and sales by majority-owned foreign affiliates

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increased 15.0 percent, following a 13.4-percent increase. Sales by majority-owned U.S. affiliates of foreign MNCs increased 8.5 percent, following an increase of 4.4 percent.

Employment in the United States by U.S. parent companies accounted for 72 percent of the worldwide employment of U.S. MNCs in 2004, the same share as in 2003. The U.S.-parent share of the worldwide capital expenditures of U.S. MNCs in 2004 was 71 percent, compared to a share of 74 percent in 2003.

The U.S.-parent share of MNC activity can change for a number of reasons, and the changes do not uniformly correspond to either additions to, or subtractions from, employment and capital expenditures in the United States. Examples of factors that might be associated with a change in the parent and affiliate shares of MNC activity include different rates of economic growth in the United States and in specific markets where investment is occurring abroad, the creation of new market opportunities abroad that cannot be served by exports from the United States, and changes in the foreign-currency value of the U.S. dollar. Additional discussion of data and analytical considerations may be found in "A Note on Patterns of Production and Employment by U.S. Multinational Companies," in the March 2004 issue of the *Survey of Current Business*.

Revisions.--The MNC estimates for 2003 presented in this release supercede preliminary estimates that were released in the summer of 2005. For U.S. parent companies, the estimates of employment were revised down 1.6 percent, the estimates of capital expenditures were revised down 0.1 percent, and the estimates of sales were revised down 1.8 percent. For majority-owned foreign affiliates, the estimates of employment were revised down 2.0 percent, the estimates of capital expenditures were revised down 2.2 percent, and the estimates of sales were revised down 1.8 percent. For majority-owned U.S. affiliates of foreign MNCs, the estimates of employment were revised down 0.6 percent, the estimates of capital expenditures were revised up 0.6 percent, and the estimates of sales were revised down 0.8 percent.

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TECHNICAL NOTE

For the third consecutive year, the Bureau of Economic Analysis is releasing advance summary estimates of employment, sales, and capital expenditures by U.S. parent companies, by their foreign affiliates, and by U.S. affiliates of foreign MNCs. Estimates based on more complete source data, including country and industry detail, will be released later this year.

The estimates presented in this release were constructed from data collected by BEA in two distinct surveys of MNC operations: (1) a survey of U.S. MNCs that covers the operations of both U.S. parent companies and their foreign affiliates, and (2) a survey of the operations of U.S. affiliates of foreign MNCs. Because a U.S. parent company may itself be foreign-owned, there is some overlap between the data on U.S. parent companies and on U.S. affiliates; thus, to avoid duplication, data on U.S. parents and U.S. affiliates should not be added together to produce U.S. totals.

The estimates presented here pertain to nonbank U.S. parent companies and their majority-owned nonbank foreign affiliates, and to majority-owned nonbank U.S. affiliates of foreign MNCs. Data on all nonbank U.S. and foreign affiliates, including affiliates that are not majority-owned, will be presented in the *Survey of Current Business* later this year. The most recent data show that nonbank foreign affiliates that were not majority-owned employed 1.5 million workers, and nonbank U.S. affiliates that were not majority-owned employed 0.5 million workers, in 2003. Data on banks are collected only in benchmark years. The most recent data on U.S. parents and foreign affiliates in banking cover the benchmark-survey year 1999: These data show that U.S. bank parents employed 1.0 million workers, and that bank and nonbank foreign affiliates of U.S. bank parents, plus bank affiliates of U.S. nonbank parents, together employed 0.2 million workers in 1999. (Data on U.S. parents and foreign affiliates in banking in 2004 will be included in the presentation of final results from the 2004 benchmark survey.) The most recent data on U.S. affiliates in banking cover the benchmark-survey year 2002: These data show that U.S. affiliates that were banks employed 0.1 million workers in 2002. For both U.S. bank affiliates of foreign companies and foreign bank affiliates of U.S. companies, almost all of the employment was by majority-owned affiliates.

In addition to presenting data collected directly in its surveys of MNC operations, BEA uses data collected on costs incurred and profits earned in production to estimate the value added of U.S. parent companies, of majority-owned foreign affiliates, and of majority-owned U.S. affiliates of foreign companies. Value added estimates indicate the contribution of parents or affiliates to gross domestic product in the United States or in foreign host countries. The latest estimates of the value added of U.S. parent companies and majority-owned foreign affiliates, which cover the year 2003, are presented in "U.S. Multinational Companies: Operations in 2003," in the July 2005 issue of the *Survey of Current Business*. The latest estimates of the value added of majority-owned U.S. affiliates of foreign companies, which also cover 2003, are presented in "U.S. Affiliates of Foreign Companies: Operations in 2003," in the August 2005 issue of the *Survey*.

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- (202) 606-5306 Gross domestic product
- (202) 606-5303 Personal income and outlays

Table 1. Employment, Capital Expenditures, and Sales by Nonbank U.S. Multinational Companies, 1988-2004

	Thousands of employees			Millions of dollars				
	U.S. multinational companies	U.S. parents	Majority-owned foreign affiliates	Capital expenditures/1/			Sales/2/	
				U.S. multinational companies	U.S. parents	Majority-owned foreign affiliates	U.S. parents	Majority-owned foreign affiliates
1988	22,498.1	17,737.6	4,760.5	223,814	177,203	46,611	2,828,209	927,886
1989	23,879.4	18,765.4	5,114.0	260,488	201,808	58,680	3,136,837	1,019,966
1990	23,785.7	18,429.7	5,356.0	274,614	213,079	61,535	3,243,721	1,208,349
1991	23,345.4	17,958.9	5,386.5	269,221	206,290	62,931	3,252,534	1,242,635
1992	22,812.0	17,529.6	5,282.4	272,049	208,834	63,215	3,330,886	1,291,649
1993	22,760.2	17,536.9	5,223.3	271,661	207,437	64,224	3,480,778	1,275,775
1994	24,272.5	18,565.4	5,707.1	303,364	231,917	71,447	3,990,013	1,435,901
1995	24,499.7	18,576.2	5,923.5	323,616	248,017	75,599	4,235,578	1,693,836
1996	24,867.0	18,790.0	6,077.0	340,510	260,048	80,462	4,478,970	1,868,588
1997	26,357.8	19,878.0	6,479.8	398,037	309,247	88,790	4,886,330	1,972,515
1998	26,592.9	19,819.8	6,773.1	411,155	317,184	93,971	4,970,138	1,971,909
1999/3/	30,772.6	23,006.8	7,765.8	483,032	369,728	113,304	5,975,478	2,218,945
2000	32,056.6	23,885.2	8,171.4	506,948	396,311	110,637	6,695,166	2,507,433
2001	30,929.2	22,735.1	8,194.1	524,215	413,457	110,758	6,800,777	2,524,459
2002	30,373.2	22,117.6	8,255.6	443,388	333,113	110,275	6,337,779	2,515,641
2003/4/	29,543.3	21,346.6	8,196.7	433,640	321,247	112,394	6,489,510	2,853,826
2004/5/	29,572.8	21,274.6	8,298.2	438,202	310,905	127,297	6,866,069	3,282,539
Percent change at annual rates:								
1988-2001	2.5	1.9	4.3	6.8	6.7	6.9	7.0	8.0
2001-2002	-1.8	-2.7	0.8	-15.4	-19.4	-0.4	-6.8	-0.3
2002-2003	-2.7	-3.5	-0.7	-2.2	-3.6	1.9	2.4	13.4
2003-2004	0.1	-0.3	1.2	1.1	-3.2	13.3	5.8	15.0

1. Total expenditures for property, plant, and equipment.

2. An MNC-wide total for sales is not provided because transactions among and within MNCs would be duplicated.

3. Break-in-series. (See the technical note on page 121 of the December 2002 issue of the *Survey of Current Business* for details.)

4. These estimates update those published in the July 2005 issue of the *Survey of Current Business*. (Those estimates, in turn, updated the advance summary estimates released on April 19, 2005.) Revised estimates are scheduled to be released later this year.

5. Advance estimates. Preliminary estimates based on more complete source data are scheduled to be released later this year.

NOTES: The data presented in this table cover nonbank U.S. MNCs only. Bank parents and affiliates are not required to report in BEA's annual surveys of the operations of U.S. MNCs. Some limited data on the operations of bank parents and affiliates (including employment and sales) are reported in benchmark surveys of U.S. direct investment abroad conducted by BEA every five years. The latest available benchmark-survey data for bank parents and affiliates cover the year 1999; data for 2004 will become available late next year.

The first year of a consistent annual time series of data on the operations of both U.S. MNCs and majority-owned U.S. affiliates of foreign MNCs is 1988; prior to that year, annual data on majority-owned U.S. affiliates was unavailable.

Table 2. U.S.-Parent Share of Selected Measures of the Operations of Nonbank U.S. Multinational Companies

[Percent]

	Employment	Capital expenditures
1988	78.8	79.2
1989	78.6	77.5
1990	77.5	77.6
1991	76.9	76.6
1992	76.8	76.8
1993	77.1	76.4
1994	76.5	76.4
1995	75.8	76.6
1996	75.6	76.4
1997	75.4	77.7
1998	74.5	77.1
1999	74.8	76.5
2000	74.5	78.2
2001	73.5	78.9
2002	72.8	75.1
2003/1/	72.3	74.1
2004/2/	71.9	71.0

1. These estimates update those published in the July 2005 issue of the *Survey of Current Business*. (Those estimates, in turn, updated the advance summary estimates released on April 19, 2005.) Revised estimates are scheduled to be released later this year.

2. Advance estimates. Preliminary estimates based on more complete source data are scheduled to be released later this year.

Table 3. Employment, Capital Expenditures, and Sales by Majority-Owned Nonbank U.S. Affiliates of Foreign Companies, 1988-2004

	Thousands of employees	Millions of dollars	
		Capital Expenditures ^{1/}	Sales
1988	3,119.0	42,355	739,128
1989	3,573.4	51,490	863,538
1990	3,841.7	61,812	995,013
1991	3,991.3	60,097	1,008,388
1992	3,903.9	52,787	1,049,942
1993	3,851.7	53,371	1,112,693
1994	3,954.0	60,317	1,210,837
1995	4,022.6	64,778	1,311,210
1996	4,155.6	77,890	1,423,715
1997	4,269.1	88,313	1,478,221
1998	4,669.5	109,365	1,622,946
1999	5,064.3	114,767	1,792,520
2000	5,656.5	112,986	2,051,878
2001	5,594.3	121,665	2,070,234
2002	5,425.4	111,373	2,030,962
2003 ^{2/}	5,223.9	109,701	2,120,565
2004 ^{3/}	5,073.9	107,654	2,301,493
Percent change at annual rates:			
1988-2001	4.6	8.5	8.2
2001-2002	-3.0	-8.5	-1.9
2002-2003	-3.7	-1.5	4.4
2003-2004	-2.9	-1.9	8.5

1. Total expenditures for property, plant, and equipment.

2. These estimates update those published in the August 2005 issue of the *Survey of Current Business*. (Those estimates, in turn, updated the advance summary estimates released on April 20, 2005.) Revised estimates are scheduled to be released later this year.

3. Advance estimates. Preliminary estimates based on more complete source data are scheduled to be released later this year.

NOTES: The data presented in this table cover nonbank affiliates only. Bank affiliates are not required to report in BEA's annual surveys of the operations of U.S. affiliates of foreign companies. Some limited data on the operations of bank affiliates (including employment and sales) are reported in benchmark surveys conducted by BEA every five years. The latest benchmark survey results cover the year 2002.

In contrast to the presentation in Table 1 for U.S. multinational companies (which includes data for U.S. parent companies), this table does not include data on foreign parent companies or totals for foreign multinational companies, because they are not covered in BEA's surveys.

Chart 1. U.S.-Parent Share of Employment by Nonbank U.S. Multinational Companies, 1988-2004

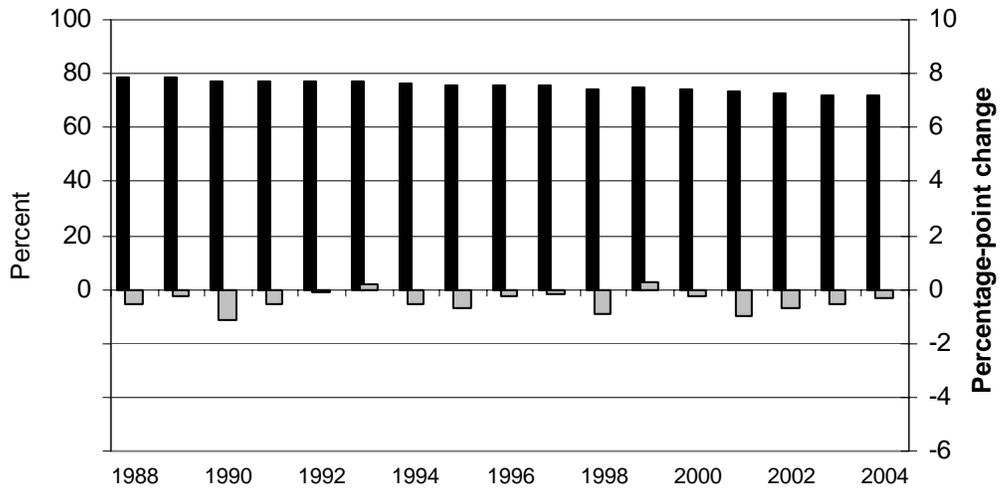


Chart 2. U.S.-Parent Share of Capital Expenditures by Nonbank U.S. Multinational Companies, 1988-2004

